

Digital Trade Policy Dialogue: Latin America

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About ITIF

- Independent, nonpartisan research and education institute focusing on intersection of technological innovation and public policy, including:
 - Innovation and competitiveness
 - IT and data
 - Trade and globalization
 - Life sciences, agricultural biotech, and energy
- Formulates and promotes policy solutions that accelerate innovation and boost productivity to spur growth, opportunity, and progress
- World's top think tank for science and technology policy, according to the University of Pennsylvania's authoritative *Global Go To Think Tank Index*

New APEC Report



- Title: Fostering an Enabling Policy and Regulatory Environment in APEC for Data-Utilizing Businesses.
- Analyzes how firms use data in different sectors and the impact of certain data-related laws and regulations.
- Sectors: Manufacturing, logistics, AI, encryption, payment services, & ecommerce services.

Latin America and a Data-Friendly Regulatory Framework

- Future focus on digitalization: Value in the global economy will be increasingly digital. E.g. AI, IoT, 3D printing, open data.
- Productivity focus: Success in the digital economy depends in large part on scale.
 - Latin America: Grounded in the region's large Spanish-speaking markets and increasingly connected and tech-savvy businesses and consumers.
- The risk: the opportunity will slip away as economies head in the other direction toward fragmentation.

Framing: Competing Models for Digital Trade

European
Union

- Digitally enabled
- Large markets
- Common language
- Innovation-friendly rules
- Interoperability
- Open markets

Goal? Economies of scale



SAMBATECH



China

- Digitally enabled
- Large markets
- Common language
- Innovation-friendly rules
- Interoperability
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Latin America: Some Concerning Digital Trade Policies

- Colombia: (2016) Considered data localization requirements as part of “basic digital services” policy.
- Brazil: (2017) Central Bank considered (then avoided) the idea for data localization as part of cybersecurity policy.
- Mexico/Brazil: economy-specific technical and cryptographic requirements for tax/accounting services.
- Multiple: Using legacy telco/broadcasting regulations to stifle/prevent new over-the-top Internet services.

2018 Report: A Digital Trade Agenda for Latin America



Crafting an Open and Innovative Digital Trade Agenda for Latin America

BY NIGEL CORY AND DANIEL CASTRO | NOVEMBER 2018

Digital trade is vital because the long-term economic prosperity of Latin America will be inexorably linked to the region's level of participation in the digital economy.

Success in the digital economy depends in large part on scale. Digital innovators that have access to larger markets usually do better than competitors with access to smaller markets. Because there is no single, integrated Latin American market, Latin American digital innovators compete with a considerable disadvantage, especially compared with U.S. and Chinese competitors. As such, countries in Latin America, in addition to subgroups within it like the Pacific Alliance, should pursue an ambitious digital trade agenda to accelerate the development of their individual digital economies—but with the overarching goal of a region-wide integrated digital single market (DSM). This digital trade agenda should embrace openness, innovation, and competition within the region—following the model of the Asia-Pacific Economic Community, rather than the more closed and heavily regulated European Union.

Removing barriers to digital trade and enacting similar or compatible frameworks and principles for digital and digitally enabled goods and services would provide the region's firms with the critical economies of scale needed to succeed in the global digital economy. Such an agenda would be grounded in both the region's large Spanish-speaking markets and increasingly connected and tech-savvy businesses and consumers. The risk is that without a shared, ambitious approach, the opportunity for a more integrated Latin American digital economy, from Mexico to Chile, will slip away as countries head in the other direction toward digital protectionism.

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Available electronically (English and Spanish) at www.itif.org.



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Components of a Digital Trade Agenda for Latin America



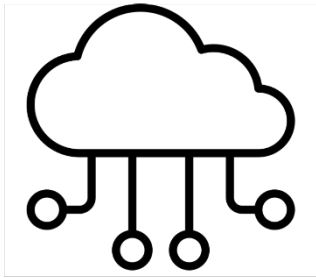
Improve trade facilitation for small packages



Address broader trade facilitation issues



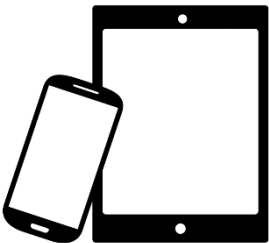
Establish intermediary liability protections



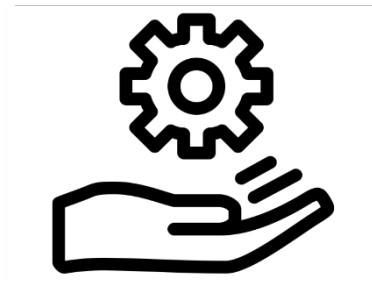
Enable the free flow of data



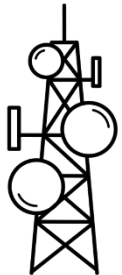
Centralize spectrum management



Eliminate tariffs on ICT products



Provide more open access to service markets



Avoid regulating platforms and OTT as telecom providers

Other Forums/Mechanisms for Economies from Latin America:

- Bilaterally: E.g. CPTPP language on data flows in Brazil/Chile's FTA.
- Regionally: Pacific Alliance.
- WTO E-commerce Initiative (local members):
 - Latin America (APEC): Chile, Mexico, and Peru.
 - Central & South America (Non-APEC): Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, and Uruguay.

Thank You!

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